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# A Study of the Philosophic Underpinnings of the Motivations and Behaviors of Lifestyle Entrepreneurs

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A STUDY OF THE PHILOSOPHIC UNDERPINNINGS OF THE MOTIVATIONS  
AND BEHAVIORS OF LIFESTYLE ENTREPRENEURS

by

Ryan Lopes

A Thesis Submitted in Partial Fulfillment  
of the Requirements for a Degree with Honors  
(Business)

The Honors College

University of Maine

May 2017

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## **Abstract**

It appears that there is a fundamental difference in the attitudes of large business owners/operators and lifestyle entrepreneurs. This claim rests on an assumption that those owners and operators of large corporate firms generally comply with Milton Friedman's ideas as presented in his 1970 op-ed in the New York Times titled "The Social Responsibility of Business is to Increase its Profits." Friedman wrote that business owners are concerned with making "as much money as possible while conforming to the basic rules of the society." It seems that corporations in the United States and abroad do comply with Friedman's attitude. Every time a company resists a minimum wage increase, replaces human beings with automated processes, outsources jobs to cheaper work forces, or generally commoditizes its workers, that company is complying with Friedman's idea. Our research suggests that lifestyle entrepreneurs deviate from this paradigm, although this study is not a comparison. It is instead an exploration of a number of lifestyle entrepreneurs' attitudes towards their human capital, work-life balance, expansion, and independence. Simply showing that lifestyle entrepreneurs value certain things is insufficient in understanding them as a demographic. We have identified common qualities and have examined some philosophic principles of David Hume, Plato, Xenophon, and Jean Jacques Rousseau. In so doing, we hope to more clearly define lifestyle entrepreneurship.

## **DEDICATION**

This thesis is dedicated to Dr. Michael Palmer.  
His influence on my education has been second to none.

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## Introduction

Lifestyle entrepreneurs are those business owners “who are likely to be concerned with survival and maintaining sufficient income to ensure that the business provides them and their family with a satisfactory level of funds to enable enjoyment of their chosen lifestyle” (Rimmington and Morrison, 1999, p.13). Their actions and attitudes appear to contradict the ideas of Milton Friedman, and the observations of Karl Marx. Lifestyle entrepreneurs remain a relatively un-researched demographic. While there are works suggesting motivation to start a company, and works differentiating lifestyle entrepreneurs from conventional entrepreneurs, there has been little research exploring the philosophic underpinnings of the ideas at play in lifestyle entrepreneurship. The largest idea at play is growth and how attitudes toward a number of things influence whether or not the firm grows. The answers on the surface have to do with lack of interest, focus on work-life balance, etc., but in the “free-enterprise, private-property system” within which we live and operate, it seems as though business owners would strive to grow their personal wealth as much as they can. While the financial bottom line is naturally relevant to the business owners that we interviewed, there was general consensus that money is not the primary motivator in engaging in their respective business practices.

With the lack of research in underlying philosophic principles there is an opportunity to explore the theoretical aspects of business ownership. A business owner may not want to take on more employees because he or she believes that the brand represented would become diluted. Another might opt to pay employees more than is

legally required or even necessary due to feelings of personal responsibility. Lifestyle entrepreneurs engage in activities that large corporations seem to try and avoid at every turn. Clearly, personal lifestyle is an important motivator in owning one's own business, but there seems to be more at play regarding how one operates that business. The actions of lifestyle entrepreneurs seem to clearly demonstrate a more ethical form of capitalism. That is, human beings are far less likely to become commoditized, and social responsibility is much more of a direct focus in the day-to-day operations.

In Karl Marx's 1844 essay *Estranged Labour*, he described the political economy that leads to the worker becoming nothing more than a commodity for the capitalist to use as another mode of production. He wrote that, "we have shown that the worker sinks to the level of a commodity and becomes indeed the most wretched of commodities; that the wretchedness of the worker is in inverse proportion to the power and magnitude of his production; that the necessary result of competition is the accumulation of capital in a few hands, and thus the restoration of monopoly in a more terrible form" (Marx 69). In this passage Marx is acknowledging that in the competitive political-economic system, as the worker produces more and more, he becomes less compensated, thus becoming a less valuable asset in the hands of the capitalist. This would necessarily lead the capitalist to treat the worker with less regard as a human being. This environment of economic competition perpetuates poor treatment of humans as workers.

Frederick Taylor, the mind behind scientific management and a contemporary of Marx, wrote extensively on how to maximize the potential of a human being in a business setting in his 1911 work *The Principles of Scientific Management*. He wrote that, "The principle object of management should be to secure the maximum prosperity for the

employer, coupled with the maximum prosperity for each employee” (Taylor, 9) and that “No one can be found who will deny that in the case of any single individual the greatest prosperity can exist only when that individual has reached his highest state of efficiency; that is, when he is turning out his largest daily output” (Taylor 11). While he had a more equitable vision of business than Marx’s observation, the effectual truth of scientific management has been quite different. He made the argument that,

If you and your workman have become so skillful that you and he together are making two pairs of shoes in a day, while your competitor and his workman are making only one pair, it is clear that after selling your two pairs of shoes you can pay your workman much higher wages than your competitor who produces only one pair of shoes is able to pay his man, and that there will still be enough money left over for you to have a larger profit than your competitor. (Taylor, 11)

Taylor’s call for maximum efficiency was heard, but his idea of maximum prosperity for the employee seems to have been ignored. When McDonald’s is looking to replace human workers with mechanical kiosks, it is clearly only the prosperity of the owner that is being maximized.

The actions of lifestyle entrepreneurs appear to contradict Marx’s observations, and in some cases exemplify Taylor’s ideal image of scientific management, in which they truly focus on the prosperity of their workers. These business owners tend to work closely with those they employ and subsequently value them as human beings more than as production equipment. In researching this demographic, we sought out to ask why this is. Why in this world of private property, do these business owners consciously not squeeze every ounce of productivity from people for as little pay as possible? Why do



they not expand so as to produce and sell more of a product? Again, the answers on the surface may seem simple and straight forward, but we want to investigate the theories underpinning the ideas of private property and profit maximization among others.

## **Literature Review**

The current literature regarding lifestyle entrepreneurship revolves primarily around distinctions between lifestyle and conventional entrepreneurs, specific business sectors that attract lifestyle entrepreneurs, and general characteristics and motivations of conventional entrepreneurs with nods to lifestyle entrepreneurship. The definition of “lifestyle entrepreneur” used in the introduction comes from a 1999 book titled *Entrepreneurship in the Hospitality, Tourism, and Leisure Industries* by Alison Morrison, Mike Rimmington, & Claire Williams. The text focuses on teaching the process of entrepreneurship in general, and does not illuminate any specific ideologies or motivations of entrepreneurs to become lifestyle entrepreneurs. The literature on lifestyle entrepreneurship is dominated by research into small firms in the tourism, hospitality, and leisure industries. The focus on those industries is reflected on some level even in the literature not specifically focused on those industries, as is shown in the general literature below.

### **General Characteristics**

Alison Morrison and Rivanda Teixeira wrote a paper exploring motivations beyond the generalized and popular ideas that are applied to small business owners. Their aim was to provide a framework for policy makers and other academics to use to better

understand small tourism businesses in Glasgow (Morrison & Teixeira, 2004). They address the idea that small businesses suffer from “resource poverty” and that they are managerially inefficient and under-capitalized. They argue that that is an oversimplification of small businesses. Small business performance is an incredibly complex thing to analyze. They argue that one needs to take into account, “owner-manager motivations, goals and capabilities; internal organizational factors; region specific resources and infrastructure; and external relationships” to be able to contextualize firm performance. They found that many obstacles to business performance were self-inflicted based on the owner or manager’s background. They also found that “good performance” varies substantially from owner to owner based on that person’s socio-economic frame of reference. Ultimately, they found that lifestyle motivations are still very prominent in contemporary tourism businesses.

Lynnette Claire researched entrepreneurs in Generation Y to demonstrate the departure from the norms of entrepreneurship set up by the previous generation. The conventional idea of entrepreneurship glorifies the creation of business empires, but Claire argues that this is the view of the Baby Boomers, more so than the generation that followed them (Claire, 2012). The subjects were all nascent entrepreneurs because the aim of the study was to define initial conceptions of success before much experience. Data was collected through phone and mail surveys with ranking questions that placed profit and family at opposing ends. Claire found that lifestyle motivations were very prominent in nascent entrepreneurs, and that their ideas of success were, “inconsistent with our current media images.” 58.6% of those surveyed reported their largest indicator of success as, “doing something enjoyable,” and 71.7% identified with, “I know my

organization is successful when I find time to go to junior's soccer match" over, "I know my organization is successful when its stock price climbs." Claire argues that this data is significant in the way conceptions of success exist in the education system, how those conceptions affect personal relationships, and in issues of public policy regarding attitudes toward healthcare and welfare.

Daniel McGinn wrote an article on how the New Zealand government is not very pleased with the prevalence of lifestyle entrepreneurship. McGinn also makes the distinction between American entrepreneurs and New Zealand entrepreneurs. At the time that the article was published, Helen Clark was the head of government and advocated heavily for lifestyle entrepreneurs to expand. McGinn wrote that countries would traditionally tinker with their tax codes and "reduce red tape" (McGinn, 2005). The issue in the case of New Zealand is that it already has a very business-friendly structure. McGinn cited Howard Frederick, a man who tracks small businesses at a New Zealand university as saying, "We despise the growth mania that we hear Americans talk about, the compulsion to get more customers. Here it's 'More customers? That's a bother.'" On the flip side, McGinn wrote that many American entrepreneurs are having trouble getting out of their offices at all. American entrepreneurs envy the work/life balances of their New Zealand counterparts. McGinn referenced the tall poppy syndrome as an answer to the lack of motivation in New Zealand entrepreneurs. The tall poppy syndrome manifests in in people cloaking their success if they think they have become too successful.

An article from the Daily Mirror newspaper in Sri Lanka described lifestyle entrepreneurship as a way to empower women to work and simultaneously maintain a household. The author of the article wrote that many women who pursue lifestyle

entrepreneurship aspire to take their companies public or become powerhouses (Daily Mirror Sri Lanka, 2005). Women who pursue lifestyle entrepreneurship “are comfortable and happy with the level of success that still allows them to earn a decent income and manage their homes and be on hand to participate actively in the growing up of their kids.” The author wrote that fewer and fewer women believe that working long hours automatically translates to success. A solid work/life balance between home and office is considered a more important factor in defining success. The author references Martha Stewart, Ivanka Trump, and Gwyneth Paltrow as prominent examples of women that went the lifestyle entrepreneur route. The article is less a commentary on lifestyle entrepreneurship itself, and more of an endorsement of it for modern women.

Alex Maritz researched indigenous New Zealand lifestyle entrepreneurs to study the proposition of work-life balance (Maritz, 2006). He sent out two tiers of surveys to entrepreneurs that were designed to identify character traits. Maritz found that indigenous lifestyle entrepreneurs in New Zealand identified themselves as being independent. Independence was a very common identifier of this demographic. Maritz also found that they did not appear to have large egos or have desires to lead or change the world. Only one in ten indigenous New Zealand entrepreneurs represent “high-growth entrepreneurs,” or “those start-up businesses that will employ more than 20 employees in the next 5 years” (MAZARZ, 2005). Maritz tentatively attributes some of that to a cultural convention about not wanting to be perceived as wealthy as one is. He referred to this as the “tall-poppy syndrome.” He says that the implication of his findings is that lifestyle entrepreneurs should be more motivated to generate wealth with the end goal being the

improvement of the greater community. He advocates for synergizing the two poles of life and profit, and “integrating independence and wealth creation.”

V. Balachandran and M. Sree Sakthivelan wrote a paper on the impact of technology on entrepreneurship. Balachandran and Sakthivelan included a brief section on lifestyle entrepreneurs. The section served only to define characteristics of lifestyle entrepreneurs. Balachandran and Sakthivelan wrote that “Common goals held by the lifestyle entrepreneur include earning a living doing something that they love, earning a living in a way that facilitates self-employment, achieving a good work/life balance and owning a business without shareholders” (Balachandran & Sakthivelan, 2013). The substantive part of Balachandran and Sakthivelan’s paper is about various technologies and how entrepreneurs interact with and adapt to them to continue doing business as entrepreneurs. Balachandran and Sakthivelan identify “netpreneurs” as a new demographic of entrepreneurs. “Netpreneurship” is defined as, “is the ability to run a business on the Internet.” Netpreneurship is particularly important in India where this not a lot of financial capital, but quite a lot of intellectual capital. Netpreneurship can allow for aggregation of individual resources necessary to grow a business. Balachandran and Sakthivelan conclude that prosperity “springs” when an environment is created where netpreneurship is fostered and mutually beneficial partnerships are easily accessible.

Amar Bhide wrote an article an article on entrepreneurship that explored various attitudes and approaches taken by different entrepreneurs. According to Bhide, lifestyle entrepreneurs choose the easiest path. They do not need or want to build something that will outlive them. If they were to grow too much, their involvement in the business could compromise the lifestyle that they set out to live by starting the business in the first place

(Bhide, 1996). Bhide contrasts this with the entrepreneurs that build something to the point that it can continue on without them. Bhide wrote that some entrepreneurial ventures such as laundries or tax preparation services do not require lots of capital to start operating, but the very nature of those businesses limits the entrepreneur from a certain level of financial success. Bhide wrote that, “the factors that make it easy for entrepreneurs to launch such businesses often prevent them from attaining their long-term goals.” Bhide’s article addresses many questions regarding entrepreneurship as a whole, including motivations, goals, and strategies. It is a very broad look at many aspects of entrepreneurship, rather than a close look at one aspect.

Ziene Mottiar wrote on the dynamic of lifestyle entrepreneurs in their chosen locations in a paper investigating “how lifestyle entrepreneurs interact with other entrepreneurs in the destination in which they operate (Mottiar, 2007). Mottiar shifted focus away from the lifestyle business itself, to how that business interacts with other firms in the area. Mottiar recognized the importance of social capital and embeddedness for lifestyle entrepreneurs. “Embeddedness” refers to the extent to which an entrepreneur can access social capital in her or his area. Networking as a competitive advantage was a key point of interest. Mottiar performed in-depth interviews with business owners and other personnel in the tourism industry in the west of Ireland to explore the level of cooperation and community involvement lifestyle entrepreneurs exhibit. Mottiar’s findings confirm existing characterizations of lifestyle entrepreneurs in that they are motivated to live in certain locations, they are not motivated by money, and they do engage in informal cooperation with other lifestyle entrepreneurs. This is especially true of lifestyle entrepreneurs in the tourism and hospitality industries (Getz & Petersen,

2005). Mottiar's findings contributed to the debate about whether or not lifestyle entrepreneurs are beneficial in helping develop the industry of a given destination.

Kate Lewis wrote on the various characteristics of lifestyle entrepreneurs, citing many previous iterations of the definition, and ultimately finding that a firm's growth depends on the attitudes of the owner (Lewis, 2008). Lewis posited that if an owner is more focused on his or her lifestyle than making money, that owner might be more inclined not to grow. Lewis recognized that, "there is fundamental neo-classical economic assumptions which ignore the reality of small business management" (Gray, 1993) and that only a "tiny minority of small firms ever grow to the size where internal functional divisions and professional top management teams are in any way feasible." Lewis's research team interviewed owners of 50 small New Zealand businesses mainly about their intentions and thoughts toward firm growth. Many expressed interest in growing, "but within certain limits." Of the 50 interviewed, 25 specifically talked about how their lifestyles were factors when considering growth. Lewis found that small business owners in New Zealand act in ways that are contradictory to growth strategies and development models that are defined in literature. Lewis suggests that assistance policy-makers should understand the reality of these situations before legislating.

Paula J. Haynes wrote on circumstances that might drive individuals to pursue entrepreneurship, writing about "dissatisfaction with prior employment as a motivating factor for entrepreneurial activity" (Haynes, 2003). Haynes created a questionnaire to be administered to business owners over the phone. Haynes collected responses to questions on demographic information, different types of experiences, and prior job satisfaction or dissatisfaction. Haynes found that prior dissatisfaction in a job was a motivator for both

experienced and recent entrepreneurs. Haynes also found that when a person left a job to start a venture that would involve building on the knowledge of the sector of the job that the person left, that person would produce 80% higher revenues than those who started from scratch in a new sector. Lifestyle entrepreneurs, or “craftsmen” as defined by Ronstadt, identified control as being paramount to a business venture (Ronstadt, 1985). Prior sector experience was particularly common among lifestyle entrepreneurs. Ultimately, Haynes determined that actions speak louder than words in identifying motivations.

Alina Badulescu and Daniel Badulescu examined firms registered in a Eurostat database under the data set “Enterprises managed by the founder.” Badulescu and Badulescu looked at start-up motivation, start-up difficulties, and education among other thing of these business owners (Badulescu & Badulescu, 2014). In using the data from the database, they claim to be studying entrepreneurs empirically. Badulescu, and Badulescu took the data regarding motivation to start a company in the industry and services sector, and motivations to start a company in the hotels and restaurants sector from Romania and held it up to the same categories for the entire European Union. Badulescu and Badulescu were looking for lifestyle characteristics as well. The description used was that, “Lifestyle firms are businesses set up primarily either to undertake an activity the owner manager enjoys or to achieve a level of activity that provides adequate income” (Burns, 2001). Recognizing limitations in the data they had access to, they found that entrepreneurs in Romania somewhat reflect the existing literature on lifestyle entrepreneurs. They found that entrepreneurs in tourism much more closely reflect the literature than entrepreneurs in other sectors.



Marie Gomez-Velasco and Severine Saleilles wrote on the use of social capital in influencing local embeddedness (Gomez-Velasco & Saleilles, 2007). “Local embeddedness” is defined as the extent to which an entrepreneur has access to social capital in her or his area. Gomez-Velasco and Saleilles’ research was an “exploratory examination of lifestyle entrepreneur behaviors in order to identify if the locations chosen comply with local embeddedness theory or if they have a specific relationship with territory concept.” Gomez-Velasco and Saleilles differentiate “between the classical and lifestyle entrepreneurship by the degree of calculative (economic) and social (existential) commitment of the individual” based on Johannisson’s definition (Johannisson, 2004). Gomez-Velasco and Saleilles wrote that many lifestyle entrepreneurs start doing business from their homes, and that they rely on “local information and resources” once they have set up. Social cohesion plays a large part in the success of a lifestyle entrepreneur in a community. They perceived that the greater access an entrepreneur has, the more locally embedded (s)he is. Gomez-Velasco and Saleilles interviewed business owners that identified quality of life as a primary motivator in choosing their locations. Gomez-Velasco and Saleilles found a mixture of embeddedness in the entrepreneurs interviewed. The entrepreneurs mobilized social capital by an accumulated capital of networks and contacts, which is the result of their distinct life trajectories.”

These articles paint a general picture of a lifestyle entrepreneur. Each author focuses on surface characteristics or motivations in describing the demographic. All of the information is fairly surface level. The authors present findings suggesting motivations, but the ideas underneath the motivations are not explored. For example, Kate Lewis found that entrepreneurs were growth averse for a number of reasons, but

Lewis does not explore the intellectual or philosophic underpinning of what it means to be growth averse. In understanding human behaviors, we believe that it is necessary to have a grasp on what is going on at the root of that behavior.

### ***Tourism, Hospitality, and Leisure***

Rhodri Thomas, Gareth Shaw, and Stephen J. Page compiled existing research of small firms in the tourism industry into a comprehensive summary designed to draw attention to areas where more research can be done. Thomas, Shaw, and Page claim that interest in small tourism firms has grown significantly in the past twenty years (Thomas, Shaw, & Page, 2011). The research done on small firms in the past has led people to opposite conclusions with some claiming that small firms are vital to the sector, and others saying that they prevent innovation and growth. Thomas, Shaw, and Page wrote that the existing research is incomplete or inadequate in theorizing aspects of small firm “genesis, growth or their articulation with the wider socio-economic environment that they inhabit.” The article is organized into ten sections in which the authors discuss research in various areas regarding small tourism firms. For example, Thomas, Shaw, and Page wrote on the impact that small firms have on the development of destinations, specifically noting contradictions in the research. Some claim that small operators are harmful to the areas because the lifestyle goals of the owners are not always in tune with the needs of the economy (Hall and Rusher, 2004). On the other hand, studies have demonstrated positive impacts made by small firms, arguing that they act as agents of economic development (McGehee & Kim, 2004). Thomas, Shaw, and Page synthesize a lot of the research done on destination development and suggest, “that there is

considerable scope to explore small business networks of all types across a range of tourism destinations.” Instead of offering direct research into small firms, the authors offer other primary sources to create a better sense of the gaps in that research and opportunities to improve it.

Vlatka Skokic and Alison Morrison wrote on lifestyle entrepreneurship in the tourism industry, specifically focusing on Croatia (Skokic & Morrison, 2011). Skokic and Morrison argued that the behaviors of lifestyle entrepreneurs should be observed in the context of their respective nations, taking into account the ideological backgrounds of those countries regarding business. Skokic and Morrison used a “drilling down” technique that stated that, “the phenomenon [lifestyle entrepreneurship] should be investigated by encompassing the impact of culture, industry setting and organizational context” (Morrison, 2006). They were interested in Croatia because of its socialist history and whether or not it has an affect on the economic motivations of business owners. Skokic and Morrison surveyed business owners in a province in Croatia that has many lifestyle entrepreneurs in the tourism industry. The conclusion that they presented is that lifestyle label is very elusive and is often shaped by a society’s cultural ideas and preexisting notions of entrepreneurship. Skokic and Morrison think that tourism entrepreneurship research must take into account the various cultural influences and not apply ideas of entrepreneurship that do not exist in the areas being studied.

Ben Marchant and Ziene Mottiar wrote about lifestyle surf-tourism companies in Ireland and explored motivations for why the owners set up the business, focusing on the characteristics and experiences of the owners. Marchant and Mottiar interviewed and observed 6 businesses in Ireland. They observed that every owner expressed that their

location was a primary motivator in setting up their businesses (Marchant & Mottiar, 2011). Marchant and Mottiar found that past travel experience also affected location choice. Each of the entrepreneurs had traveled fairly extensively prior to setting up a business. Education was another common theme. Many of the business owners had professional backgrounds that were the results of university study. Marchant and Mottiar argue that their findings are important in informing policy makers of the specific factors that affect the motivations of lifestyle entrepreneurs. Their research confirms existing lifestyle entrepreneurial motivations, “such as living in the area, being their own boss and doing interesting work” (Thomas *et al.*, 1997). Marchant and Mottiar wrote that the key contribution of their paper is to provide discussion on entrepreneurs that leads to a better understanding of those entrepreneurs.

Mary Hollick and Patrice Braun wrote on tourism entrepreneurship and micro operators in Victoria, Australia with the aim of defining the demographic so that governing bodies can be better suited to regulate the largely unregulated sector. Hollick and Braun wrote that the tourism industry in Australia is comprised of a minority of large firms, and a majority of small to medium firms and micro-operators. In fact, the tourism industry is predominantly made up of SME and micro businesses, and that entrepreneurship is critical in tourism development globally, domestically and regionally” (Russell & Faulkner, 2004). Hollick and Braun conducted personal interviews with six “key stakeholders” in the Victorian tourism industry. Hollick and Braun identified lack of skill, lack of planning, and focus on lifestyle over profit as motivators for how tourism businesses are run. This finding was backed up by Barber, Metcalfe, and Porteous, 1989, who also observed that intangible factors such as formal education play into motivations

for expansion. Hollick and Braun argue that those factors explain why business owners consciously reject opportunities for firm and economic growth.

Mike Peters, Joerg Frehse, and Dinitrios Buhalis wrote a paper discussing the emergence of lifestyle entrepreneurship in the tourism industry (Peters, Frehse, & Buhalis, 2009). Tourism, leisure, and hospitality are all primarily based upon entrepreneurial ventures and small businesses Thomas, 1998, 2000, Morrison et al., 1998, Getz, 2004, Buhalis and Main, 1998). Peters, Frehse, and Buhalis contextualize lifestyle entrepreneurship within the scope of entrepreneurship by asserting that lifestyle entrepreneurship is distinguished from typical Schumpeterian growth oriented entrepreneurship in that lifestyle firms “set up primarily either to undertake an activity the owner- manager enjoys or to achieve a level of activity that provides adequate income” (Burns, 2001). The traditional entrepreneurial venture is set up to make money for the owner either through sales, or by selling the business all together. Peters, Frehse, and Buhalis provided a list of characteristics of lifestyle firms that includes points on motivations toward growth and lifestyle, and utilization (or rather underutilization) of capital and resources. Peters, Frehse, and Buhalis found that lifestyle entrepreneurs in the tourism industry tend not to force radical innovations onto that industry, but rather explore new leisure activities for themselves that may eventually translate into new business practices in the industry.

Sierdjan Koster, Marianna Markantoni, and Dirk Strijker published a paper on the shift away from agricultural jobs in rural European communities towards jobs in tourism, recreation, nature development, and other services (Strijker, 2000; Van Depoele, 2000). Their research shows that while agriculture remains the main driver in rural economies,

“rural employment is no longer dominated only by agricultural activities” (Koster, Markantoni, & Strijker, 2004). This trend manifests in people taking up “side activities,” which they define as, “activities that provide a side income and take place in a rural household.” In researching the new opportunities that rural Europeans are considering, they made the distinction between conventional entrepreneurs and lifestyle entrepreneurs. Conventional entrepreneurs tend to be opportunists and economically oriented, while lifestyle entrepreneurs tend to be craftsmen and lifestyle oriented. In studying both kinds of entrepreneur, they found that when people engage in a side activity, the motivation to do so is more in line with those of the lifestyle entrepreneur. Side activities are mainly motivated by lifestyle, rather than purely economic factors. This research is significant in that the side activities that people are beginning to engage in are often small scale and unregistered. A profile of the people who are likely to engage in side activities is important in informing policy makers who may be interested in stimulating or inhibiting such behaviors.

Paul Lynch wrote on the tourism and hospitality industries in the United Kingdom. Lynch identified three approaches to examining small enterprises: looking at size, looking at families and relationships, and looking at lifestyle motivations. Lynch wrote that the third approach “is helpful in moving away from a problematical assumption of the profit-making imperative as prime motivation and recognizes the significance of personal values in determining firms’ economic performances” (Lynch, 2005). Lynch goes on to present his own more specialized approach that is influenced by the previous three, but is tailored specifically to look at the hospitality industry. Lynch called this fourth approach the “commercial home enterprise” approach or CHE

approach. CHE's are, "types of accommodation where visitors or guests pay to stay in private homes, where interaction takes place with a host and/or family usually living upon the premises and with whom public space is, to a degree, shared." CHE's represent a fusion of concepts such as family, home, host/guest relationship, and issues of family ownership, among others. While CHE's are largely un-researched, they contribute significantly to local economies (Ferguson and Gregory, 1999; Morrison, 2002). Lynch's contribution to the field of hospitality research is the development of the CHE approach. Lynch argues that the CHE is a distinct type of business and should be differentiated from other generic types of businesses in the hospitality industry.

Erika Andersson Cederholm and Johan Hultman wrote on small tourism and hospitality businesses with the aim of "reconsidering lifestyle values in relation to economic rationality" (Cederholm & Hultman, 2010). Cederholm and Hultman's research is based on previously gathered data suggesting the importance of lifestyle factors such as family, leisure, and location (Andersson, Carlsen, & Getz, 2002; Ateljevic & Doorne, 2000; Getz, Carlsen, & Morrison, 2004; Getz & Carlsen, 2000, 2005; Shaw & Williams, 1987). Cederholm and Hultman identified intimacy as an emerging commercial value in small tourism and hospitality operations. Cederholm and Hultman claim that intimacy in the context of such operations is closely connected to authenticity, and that this is a competitive advantage for a small operator as it is "an important dimension of the tourist experience" (Andersson & Cederholm, 2009). Cederholm and Hultman gathered data through in-depth interviews of B&B owners in southern Sweden. Cederholm and Hultman identified "Lisa" as the ideal case to study. Lisa is a B&B operator and gallery owner. Lisa appears to simultaneously reject and accept the traditional market ethos. The

traditional market ethos in this context suggests that business decisions should be made to maximize profits through the development of competitive advantages. Previous research of lifestyle entrepreneurs suggests that the traditional market ethos is “rejected in favor of personal values as motivating factors for doing business.” Cederholm and Hultman found that Lisa turned the lifestyle-motivated concept of intimacy into a marketable commodity that allows her to fuse elements of lifestyle entrepreneurship with economic rationality. It is a more complex market ethos that is crucial to take into account when examining small firms in the hospitality industry.

These pieces are very similar to those in the first section. The authors here took a closer look at lifestyle firms in specific industries. The findings are similar and presented similarly to those in the previous section. Authors tend not to get into underlying ideas that explain motivators or behaviors, but rather simply present them at face value. Again, we think that this leads to an incomplete understanding of the behavior of lifestyle entrepreneurs, and that study into the philosophic underpinnings would shed more light onto this demographic. Many of the authors wrote that the purpose of studying lifestyle entrepreneurs was to provide policy makers with information so as to make the best policy decisions. While this is of course a worthwhile purpose, without understanding the motivations, the information will be incomplete. It is one thing to state what the motivations of a lifestyle entrepreneur may be, but it is another thing to examine the theoretical bases for such motivations. As we will demonstrate later on in the paper, even when specific motivations are different, the outcome of those motivations manifests in similar behaviors among the owners. We will examine those behaviors in the context of



relevant philosophic texts to attempt to link the behaviors to their underlying theoretical explanations.

## **Methods**

Our data was collected through semi-structured interviews with owners of businesses operating in a Northeast state of the United States. Business owners were contacted directly by the PI after being referred by faculty and associates of a major research institute. Owners were suggested using “criterion sampling” (Rudestam & Newton, 2001) as opposed to randomly selecting business owners from the surrounding area. Those faculty members were given a working definition of “lifestyle entrepreneur” and asked to refer the PI to any business owners that fit the description. The business owners were initially contacted with a recruitment email featuring details about the nature of the project and the interview. 30 business owners were contacted and 14 responded agreeing to participate. Of those 14 business owners interviewed, 13 fit the description of the demographic in question.

The interviews conducted were in depth semi-structured conversations. They lasted between 20 minutes and 2 hours in length. They were recorded on the PI’s laptop and transcribed by the PI. There was a set list of questions used to prompt the discussion, but the list was not strictly adhered to if things that came up organically answered questions out of order. The interview protocol is as follows:

- To begin, please tell me a little about the company and how it came to be.
- How long have you been in business?

- What were the primary motivators for you to start this business?
- What was your plan when you started the business (aspirations)?
- How happy are you with the business as it currently stands?
- Do you aspire to grow or scale this business?
- What keeps you motivated to continue to run the business?
- What do you think the business will look like in 5 years?
- What will it take to get it there?
- What constitutes a successful outcome when you are no longer affiliated with this business?
- Are you familiar with the term “lifestyle entrepreneur”?
- Do you consider yourself one?

9 of the interviews were conducted at the owner’s place of business, and 4 were conducted in public spaces at the owner’s request. All interviews were conducted in person. The owners were informed of the voluntary nature of the interviews and assured of the confidentiality of the information shared prior to the interview beginning. All owners expressed verbal consent to the interviews prior to the interview beginning as well.

The interviews were coded by grouping statements that expressed like sentiments or ideas. Those sentiments or ideas include, but are not limited to, attitudes toward employees, firm growth, work/life balance, and independence. These themes became apparent after 4 interviews. At that point, the PI began to slightly tailor the interviews to attempt to maximize discussion on a theme. An example of this would be deviating from

the written order of questions so as to organically follow a thread in the discussion. The themes, as based in direct statements from the participants will be examined in the context of relevant philosophic texts that underpin the theoretical bases for them. Contextualizing statements made by participants with philosophic ideas and theories will lead to conclusions.

## **Results**

Of the 13 business owners interviewed, 9 were men and 4 were women. All were residents of a state in the Northeastern United States. Owners had been in business from one year, to upwards of 25 years. They ranged from LLC's to sole proprietorships. There was no consistency regarding employees. Some owners employ dozens of people, whereas others operate solely on their own. The data from the interviews has been organized around five themes: the importance and value of human capital, work/life balance, aversion to expansion, independence, and creativity.

### ***Description and Lifestyle Categorization of Owners***

While the chosen definition of “lifestyle entrepreneur” is a business owner that is “likely to be concerned with survival and maintaining sufficient income to ensure that the business provides them and their family with a satisfactory level of funds to enable enjoyment of their chosen lifestyle,” exhibiting non-economically motivated behaviors can identify lifestyle entrepreneurs as well. Non-economic motives have been widely accepted as a characteristic of lifestyle entrepreneurs in many industries.

Owner 1 owns and operates a small retail store with one full time employee and one part time employee. Owner 1 has operated the business for 8 years. Owner 1 opened the business after working in stores in the same industry, ultimately deciding that if those people could run their own stores, so could Owner 1. Owner 1 rejects possible expansion of retail options in favor of products that are designed and built by Owner 1.

Owner 2 owns and operates a small restaurant with one full time employee and one part time employee. Owner 2 has been in business for about one year. Owner 2 was motivated to create something from scratch that would solely belong to Owner 2. Owner 2 aspires to make a livable income from the business and not to have it scale to the level of other businesses in the industry.

Owner 3 operates a large segment of a family owned business that employs roughly 70 people. The business was started 42 years ago and Owner 3 has been officially part of it for 10 years. Owner 3 has a broad background in things unrelated to the business that Owner 3 is currently a part of. Owner 3 stated in the interview that work and life are on the same plane, rather than being “diametrically opposed.” Owner 3 also expressed not wanting to sacrifice that state for greater success in the business.

Owner 4 owns and operates a retail store with 10 employees. Owner 4 has significant experience in retail operations having worked for a large business prior to owning the current one. The business began as a franchise of that organization in 1996, but the franchise agreement ended in 2002, and the business has been an independent

operation since then. Owner 4 expressed a preference of being in the store to being at home. Owner 4 also expressed an aversion to expansion.

Owner 5 is the sole proprietor of a small manufacturing and retail operation. Owner 5 has been building and selling products for nearly two decades. Owner 5 does not employ any other workers and is solely responsible for the design and fabrication of all products. Owner 5 is not interested in expanding the operation even if it would correspond to financial gain.

Owner 6 owns and operates a small restaurant employing 9 people. Owner 6 worked in an unrelated industry before opening the current business. The business is nearly 5 years old. Owner 6 was motivated to start the business out of a desire for independence, control, and enjoyment of life.

Owners 7 and 8 are co-owners of a manufacturing business. The business existed prior to Owners 7 and 8 purchasing it. They have owned the business for 11 years and they employ 11 people. Both owners have professional backgrounds in fields unrelated to manufacturing. Owners 7 and 8 expressed a desire to be able to have balanced work and family lives.

Owner 9 owns and operates a fitness center. The business is 5 years old and hosts a number of independent trainers. Owner 9 has done work in the personal training

industry for the majority of Owner 9's working life. Owner 9 was motivated to be independent and continues to work out of a genuine love for conducting the business.

Owner 10 owns and operates an adventure tourism business. Owner 10 has operated the current business for one year, but has previously owned and operated a successful adventure tourism business in another state. Owner 10 employs two people part time. Owner 10 explicitly stated that engagement in the business practice facilitates a chosen lifestyle.

Owners 11 and 12 own and operate retail store. Both owners have backgrounds in unrelated fields. They have owned the business for 6 years and employ 9 people. Owners 11 and 12 were drawn towards self-employment so as to create a balance between work and family.

Owner 13 is a general contractor. Owner 13 has been doing contracting work professionally since 2009 and employs several people. Owner 13 is motivated by an enjoyment of the work done, and averse to expanding due to an aversion to becoming a manager. Owner 13 prefers doing work to managing people who are doing work.

### *Themes*

The following categories were identified after analyzing the interviews. Statements made by the owners have been grouped together under the 4 headings.

### ***Importance and Value of Human Capital***

The contemporary literature on lifestyle entrepreneurs has not appeared to recognize the value placed on human capital. Our research found that it was nearly a universal concern among the owners that were interviewed. The very first sentence of chapter 1 of *The Principles of Scientific Management* is, “The principal object of management should be to secure the maximum prosperity for the employer coupled with the maximum prosperity for the employee.” The owners that were interviewed expressed similar sentiments regarding human capital, but we identified two distinct attitudes within that category.

4 owners expressed sentiments that we have labeled “paternalistic” in nature. The owners seem to feel a sense of responsibility to their employees. These owners reported that they derive motivation to work hard in order to keep providing for their workers. The quotations that reflect this are as follows:

Owner 2- Regarding motivation to keep working- “I think of my employees too, especially the one I have now. She’s full time and I’ve had her since the beginning. This is her life and this is her dream job. If I quit, she’s out. She’ll have to go back to working somewhere she doesn’t care about.”

Owner 6- “It’s not just my own life on the line, it’s everyone that works below me too. I know that these people rely on me just as much as I rely on them.”

Owner 7- “Well it’s [staff] probably the one thing I take more responsibility in than anything else. I know that my performance, like they don’t say it but I know, and you can

see it. They *need* 40 hours of work a week. They *need* to have their paycheck there every Wednesday. And if you really intellectualize that, that can become a mental burden, but you've got to be on because like I said, it's not just my family that I'm taking care of, it's everybody's family who's here. And I directly impact that based on my ability to perform or not perform."

Owner 10- "It's rewarding to think that something I built is providing another family and other people in the community with jobs and income."

The other concept identified from the interviews was Frederick Taylor's idea of the function of management. 5 Owners expressed a desire to maximize the prosperity of their employees while maximizing prosperity for themselves as well. Those quotations are as follows:

Owner 1- "If you're happy at work or if you feel appreciated you're always going to do more than you are asked to do"

Owner 3- "I always want it to be mutually beneficial. I always hire with the intent of having this person go up through the company and develop and have future opportunities."

Owner 5- "If you have to look over somebody's shoulder, that takes out of your time that you could spend doing something else, and on the other hand, if they are capable of doing



what you can do, well why aren't they in business for themselves, and if you don't push them in that direction are you taking advantage of them?"

Owner 10- "I like to enable my employees, like 'Great, you got an idea? Show me how you're gonna run with it,' and give them the freedoms and the responsibilities. It's an hourly wage, so I think about what I can do to make it more rewarding so they're happier in the long run"

Owner 12- "We try to accommodate people's schedules so they can have their personal lives too."

"Most of the time we love it, especially when we can see that our employees get these benefits. And they're really loving it and we love that they're making it possible for us to do our personal things too."

### ***Work-Life Balance***

In the literature, motivation for a work-life balance is a very common lifestyle entrepreneur identifier. Gomez-Velasco et al., Lewis, Lynch, Claire, McGinn, and Morisson all pointed to a desire for a healthy balance between work and life in their descriptions of lifestyle entrepreneurs. Work-life balance meant a different thing to each owner.

We identified three distinct categories regarding work-life balance. The first two are on the relationship between work and life. Some owners view work and life as diametrically opposed; when one is working, one is not living, and vice versa. There is

some overlap in the use of the quotations. The quotations of those 5 owners expressing that work and life are opposed to each other are as follows:

Owner 1- “I would retire today if I could, just to spend time with my family.”

Owner 1 needs a couple solid employees, “So I don’t have to miss a t-ball game or a basketball game.”

Owner 2- “Long term it’s [a healthy work/life balance] important. If in three years I’m working 70 to 80 hours a week for no pay, like no. People always say ‘stick with it, don’t quit, don’t quit,’ well I believe in quitting when your quality of life is that low. Life’s too short to work this hard for that.”

Owner 7- “At the time [that the owner worked in the corporate world] we left Portland, over \$22,000 of our after tax earnings was going just to have two kids in day care. We were seeing them one, two hours a day of quality time, if that. In our minds we’re like ‘Wow, we have to have these jobs so that we can pay \$25,000 for daycare, yet we don’t get to see our kids.’ It didn’t make a lot of sense to us.”

Owner 8- “In this day and age you can’t have 2 people working 60 hours a week or more and make a family work. So my primary motivation wasn’t that I didn’t want to work, but that I wanted something flexible so I could be a part of something dynamic so that I could still be there for my kids.”

Owner 12- “Being home with my kids to do homework with them and get dinner ready is for me super important even if it means I have to come back or do work after they go to bed.”

On the other hand, some owners expressed not having a balance at all because work and life are integrated and exist on the same plane. The quotations from another 5 owners are as follows:

Owner 3- “It’s sort of all on one plane. I don’t look at work and life as diametrically opposed. It’s kind of, work and life are united and when I’m gaining life from work, I’m *there*, and when I’m gaining life at home, I’m *there*.”

Owner 4- “I could sit in here [back office], I could sit at home. You know, I’ve got some really really good people that could run the store without me. It might hurt my feelings a little bit, but they certainly could. I like to be part of the operation.”

Owner 5- “My work is my life in a way.”

“It’s handy sometimes to say ‘ok, I have an idea, I want to see this idea realized in three dimensions, to a point where I can actually use it,’ and I think in many cases people can get as far as a sketch. And then it’s a phone call, and then it’s a credit card, and then it’s a prototype that doesn’t work, and then it’s back to the drawing board again. I’m lucky enough to have amassed enough understanding and tools to usually be able to take

something from my head and make a solid out of it, and then try it. So it's like my hobby is my work is my life.

Owner 9- "Everyday I wake up and I truly *love* to go to work. And not a lot of people can say that. I just got done with a 10-day paradise vacation in the Caribbean and the second I got up on Monday morning, I couldn't wait to get to work."

Owner 10- "If I wanted a corporate job making an awful lot of money, that could definitely be something that I pursue, and have pursued in the past. It's just not the lifestyle I want to lead."

"I basically set up my lifestyle so that I can afford to live the kind of life that I basically want to live."

The third is an expressed desire for flexibility. 7 owners indicated wanting the ability to put work aside if and when they want to. They work a lot, but know that in their self employed positions, they ultimately have the flexibility to come and go as they please.

Owner 1 needs a couple solid employees, "So I don't have to miss a t-ball game or a basketball game."

Owner 7- "It's [business ownership] given our family flexibility to do things. Yeah, the hours are still long, they're longer than they were in corporate America, but if I choose

not to work this weekend I just know that I have to make it up on some other end of some other day. But I have that opportunity.”

“Genuinely, it’s been a lifestyle choice. As opposed to ‘Boy, we want to retire well so let’s spend the next 20 years making sure we put this business in the best place possible to make sure we retire well.’ We kind of want to live today.”

Owner 8- “In this day and age you can’t have 2 people working 60 hours a week or more and make a family work. So my primary motivation wasn’t that I didn’t want to work, but that I wanted something flexible so I could be a part of something dynamic so that I could still be there for my kids.”

Owner 9- “I’ve got my career to the point where I can pretty much leave the facility at 5 and be home at the same time they [kids] are. I don’t work weekends, Friday afternoons I take off. I haven’t worked a weekend in 10 years.

Owner 11- “If we worked in the office setting like we used to, we *had* to be at work by 8 o’clock. There’s no ‘Hey, I’m gonna be an hour late,’ you just have to figure it out and be at work on time. And you have to work 8 to 5 or 9 to 5 or whatever your job is, but here at least we have the flexibility.”

Owner 12- “Being home with my kids to do homework with them and get dinner ready is for me super important even if it means I have to come back or do work after they go to bed.”

Owner 13- “If I really need to step away and do something for my family, I can.”

### ***Aversion to Expansion***

The literature suggests that a number of factors are at play regarding expansion. There is consensus in that lifestyle entrepreneurs are not highly motivated to scale up their businesses, but the reasons for that vary. Lewis wrote that the “conscious choice to operate as a lifestyle business is accompanied by a parallel de-emphasis on the process of growth or expansion”. Skokic et al., Badulescu, and Hollick & Braun, all suggest that a lack of skill in either the owner or the workforce that the owner has access to accounts for the inability to expand. Balachandran cited control as a reason for a lifestyle entrepreneur not wanting to expand. Gomez-Velasco et al. argued that their concept of “local embeddedness” was a factor that could limit expansion. Claire suggested that the predominating focus on expansion is a characteristic of the fading Baby Boomer generation, and that younger generations are measuring success materially.

We identified two main reasons why owners were averse to expanding their operations, both of which appear to contradict the literature. 3 owners want to maintain the highest possible standard in their work, and think that scaling up would compromise the ability to do that. The quotations supporting the first factor are as follows:

Owner 1- Regarding expanding to 2 locations- “What that did was it made two places mediocre instead of one place really good. So if I want to be in a niche jewelry store, I need to be here. I can’t be spread too thin.”

Owner 4- “I’d rather do one thing really well than try to do two or three only so-so.”

Owner 5- “If I had an employee, that employee would simply be diluting the brand. Yes, I might make more money, but it would no longer be me.”

“If you structure your business for maximum efficiency from the get-go rather than saying, ‘I will start making this product and then I will find cheap employees;’ in my mind that’s the wrong way to go, because that’s a race to the bottom. You will always be limited by the quality and skill of your employees.”

On product quality in a larger organization: “I had the opportunity to make changes to the program to offer a better product, but the problem with living in Aspen even in the late 90’s was that it was expensive. So I thought, ‘Well wait a minute. Where am I going to have the greatest impact and where am I going to be able to have the greatest freedom to do what I want, to explore this?’”

“One of the things I realized in business was that I can spend my time doing the work and figuring out how to do the work effectively based on setting something up as a one man shop. So, if it’s like a task is difficult can I mechanize that task to make it less difficult and more effective? And over time that is exactly what I’ve done.”

“Why do I need another employee? Why do I need to do more business? Is it because I’m leveraged and I have to pay for a facility? And if I have to do that, does that mean that I didn’t really plan this whole thing out properly?”

Another 4 are more averse to expansion so as to preserve a healthy work-life balance.

Owner 2- “My big thing is that I don’t need this place to be the next Dunkin Donuts. I don’t see myself expanding location wise into having a franchise operation. I don’t see that happening. I’d like to within the first three to five years to be able to just make an income. Like, have this be my job, maybe work like 40 hours a week and just make a decent income. Enough to live on.”

Owner 3- “I don’t really want to become a slave to our own success.”

Owner 9- When asked whether or not the owner would compromise work/life balance to expand the current operation, Owner 9 responded, “Probably not. If I didn’t the [other source of income] on the side, I might, because I’d always be looking for that financial stability.”

Owner 13- “I get into the same problem of, ‘Do I hire more people and then become more of a manager?’ so I’m skirting that line right now. And I know a lot of big [other operators in the industry] that get to that point where they’re not hands on, and they just drive around, and they become a manager.”

### ***Independence***



Independence is another very common descriptor in the lifestyle entrepreneurship literature. While it is also surely a factor in entrepreneurship as a whole, we are only concerned with the “lifestyle” categorization for the time being. Maritz, Badulescu, Balachandran et al., Gomez-Velasco et al., Hollick and Braun, Lewis, Peters et al., Koster, and Mottiar et al. identified independence as being a motivator for a person to start a lifestyle business. The owners that we interviewed confirmed what has been written about lifestyle entrepreneurs in that many specifically expressed independence as a motivator for turning to self-employment.

We found the subject of independence to be cut and dry. There were no common categories within which to break up the owners. The literature suggests that independence is simply a common motivator of a person likely to pursue self-employment. The quotations expressing a desire for independence are as follows:

Owner 1- “I wanted to make the major decisions.”

Owner 2- “I wanted to be able to do something that was totally my own, totally from scratch.

“Why do I need to prove to someone else that I’m qualified? Why can’t I just do something on my own and show them?”

Owner 5- “Time is short and I want to deal with who I want to deal with.”

“I don’t want to put my name on something that is not mine, because that is my assurance of quality.”

Owner 6- When asked about motivations to start a business Owner 6 responded, “I just wanted to enjoy life and work for myself. That was the only goal: to be in control of my own self.”

Owner 7- “Working for corporate America, if they said ‘I need you here Monday morning and you’re in Maine and my company is in Florida,’ then that means I’m not spending that time with my family and I have no control over that.”

Owner 9- “I ensure that I work enough myself so that everything else is extra.”  
“I’m never going to rely on somebody to make my living.”

Owner 11- “We’re going to work regardless. If we were not working for ourselves we would be working for someone else.

Owner 12- “I’d rather put in 80 hours a week for myself than to do it for somebody else and increase *their* wealth. I’m in control of my situation.”

Owner 13- “Control is the word, and not necessarily being in control for the best reasons because being in control means more stress, more liability, more things to do on my end, but it’s all me. That’s the thing.”

“I’m a control freak. I like having the flexibility to say what I want and do what I want, or not do what I want.”

## Discussion

The themes that were identified in the results reflect behaviors. The owners expressed attitudes that affect the ways in which they operate their respective businesses. While there does seem to be variation in the specific motivations or attitudes behind each behavior, e.g. a sense of paternalistic obligation, or a desire for mutual benefit, the manifestation of the attitudes is that employees are valued as people over means of production. In this discussion, we will address the behaviors exhibited, rather than each individual motivator, or attitude. These owners value human capital, so we will look at an idea that underpins valuing human capital as opposed to ideas that underpin paternalism or mutual benefit.

Steven Breckler of John Hopkins University wrote on attitudes in a 1984 paper titled “Empirical Validation of Affect, Behavior, and Cognition as Distinct Components of Attitude” in which he asserted that affect, behavior, and cognition are components of attitudes. Breckler defined the components writing that, “Affect can vary from pleasurable (feeling good, happy) to unpleasurable (feeling bad, unhappy). Behavior can range from favorable and supportive (e.g., keeping, protecting) to unfavorable and hostile (e.g., discarding, destroying)” (Breckler, 1984). We acknowledge that we are not addressing the attitudes of the entrepreneurs, but rather a component of their attitudes. We are nonetheless making progress towards understanding the motivators and drivers behind lifestyle entrepreneurship.

### *Value of Human Capital*

9 of the owners expressed valuing their human capital in some way. It appears that the underlying thought to valuing human beings in a business setting is a sense of justice, or in the context of David Hume's *An Enquiry Concerning The Principles of Morals*, it would be the absence of the need for justice. Hume wrote of an ideal world in which everything that a human needs to thrive exists in abundance, or a state in which, "every individual finds himself fully provided with whatever his most voracious appetites can want" (Hume, 1777). According to Hume, in this state, a person's only business would be conversation, and his only amusement would be mirth and friendship. In this state, every virtue would flourish, but the "cautious, jealous virtue of justice would never once have been dreamed of" (Hume, 11). There would be no private property, because there could be no injury. As Hume wrote, "Why call this object *mine*, when upon the seizing of it by another, I need but stretch out my hand to possess myself to what is equally valuable?" For Hume, justice is only necessary when things that people need are not abundant.

This idea is reflected in our modern society in that access to clean water and air are considered to be universal human rights. Hume wrote that, "Water and air, though the most necessary of all objects, are not challenged as the property of individuals; nor can any man commit injustice by the most lavish use and enjoyment of these blessings." Of course we have realized that this is not necessarily the case, as individuals can infringe on other's access to those things by polluting them, and that is exactly where justice comes in. Those who pollute are, in theory, made to cease polluting and attempt to repair the compromised state of the supposed universal and abundant resources. In any case, the need for justice is not necessary in Hume's ideal state in which, "every man has the

utmost tenderness for every man, and feels no more concern for his own interest than for that of his fellows.” There is no need for contracts, as everyone naturally acts in everyone else’s best interest, thus there is no need to have a system with which to enforce contracts. The natural progression of events in such a state would lead to a point where “the whole human race would form only one family; where all would lie in common, and be used freely, without regard to property; but cautiously too, with as entire regard to the necessities of each individual, as if our own interests were most intimately concerned.” The lines of property would be nonexistent, and people would look out for one another rather than just themselves.

Hume wrote that examples of such “enlarged affections” would be difficult to find in such extremes. He wrote that people come the closest to not needing justice by reducing division of property in the cases of families and that, “the stronger the mutual benevolence is among the individuals, the nearer it approaches.” Hume’s idea of justice appears to underpin the value that our lifestyle entrepreneurs place on their human capital. It is nicer for everyone involved when justice is not necessary, because when justice is necessary, it is known that there is a threat of injury. We identified that the business owners demonstrate paternalistic attitudes toward their employees, or they strive to maximize the prosperity of their employees. For example, Owner 6 stated that, “It’s not just my own life on the line, it’s everyone that works below me too. I know that these people rely on me just as much as I rely on them,” and Owner 1 stated that, “If you’re happy at work or if you feel appreciated you’re always going to do more than you are asked to do.” The first statement reflects a sense of obligation to provide for the

employees while the second is an expression of a mutually beneficial working relationship between employer and employee.

Both of these things demonstrate on some level a respect for the employees that could be based in, as Hume put it, “the cement of friendship.” Not a single owner expressed a desire to simply “use” employees as modes of production, and many reported that they compensate their employees beyond than the legal required minimum wage. For example, Owner 3 said, “I always want it to be mutually beneficial. I always hire with the intent of having this person go up through the company and develop and have future opportunities.” This demonstrates that the owners are not solely concerned with maximizing their personal wealth or property. The lines of property are perhaps faded because of mutual goodwill between owners and employees. The net results of these attitudes are employees that are respected and treated well.

**Proposition 1:** Lifestyle entrepreneurs treat their employees better than they are legally required to due the intimate nature of their relationships.

### ***Work-Life Balance***

Work-life balance was relevant in one form or another to 12 of the 13 owners. 5 Owners viewed work and life as separate and opposed, while 5 viewed work and life as existing on the same plane. Seven expressed a desire for flexibility in addition to expressing one of the previous attitudes toward work-life balance. Catherine McKeen wrote a paper called “Plato on the Value of Work” in which she identifies two ideas of work in two of Plato’s dialogues. In *Politicus* and *The Republic*, two ideas of work are demonstrated; one where work is simply done for survival and nothing more, and the

other where work is “a dominant factor in determining the worth and happiness of an individual’s life” (McKeen, 2009). The two ideas from Plato, and summarized by McKeen explain the attitudes of work as opposed to life, and work as being life demonstrated by the owners.

In *Politicus*, Plato retells the myth of Cronos, which shows “human beings enjoying a state of pre-political leisure and peace” (268d-274e). It is not unlike the setting of Hume’s thought experiment on justice. In the myth of Cronos, humans are not governed by humans, but are cared for directly by the God Cronos. Cronos makes it so that the climate is temperate enough so that humans need not worry about clothing or shelter (272a). No one gets sick or experiences any physical discomfort. In short, no one wants for anything and there are no problems at all. McKeen focuses on what this state of being means for the value of work. In the Age of Cronos, work “possesses only survival value,” and because humans do not need to work to survive, they do not work at all. McKeen wrote that, “Work’s value is wholly dependent on survival. Thus, as survival is provided for in the Cronian myth, work not only becomes unnecessary, but ceases to have any value whatsoever” (McKeen, 4). This idea of work appears to be the foundation of the attitudes of those first 5 owners. If work were not necessary for their survival, they would not be doing it. Work and life are diametrically opposed, and Plato provides the philosophic underpinning for that idea in *Politicus*.

In *The Republic*, Plato provides a very different idea of work. McKeen argues that in *The Republic*, “work is necessary to all forms of human society” (McKeen, 4). Human beings clearly no longer live in the Age of Cronos. In Book 2 Plato describes three different stages of social organization: the micropolis, the city of pigs, and the kallipolis.

The micropolis comes into being because “each of us isn’t self-sufficient but is in need of much” (369b). This is a simple city with simple division of labor. One man is a farmer, one a house builder, and another a weaver, etc. One man would practice one art until things are plentiful enough to have time for a hobby, or a “spare-time occupation” (370b-c). In this stage, the value of work is not different from the myth of Cronos. It is done to survive. As humans progress into the city of pigs, Plato wrote that the city will require more farmers and more house builders, but also more specialized workers to import and export things. The roles become greater in number and in specificity, and are necessary for human existence. According to McKeen, these first two stages do “not seem to challenge the assessment of work’s value that we have identified in the Cronian myth. That is, we do not yet have any reason to hold that work has value independently of its value for survival” (McKeen, 5).

The creation of the city in speech, or the Kallipolis (Greek for “beautiful city”), is where we see an assessment of work, “(a) where work does make an independent contribution to the worth and happiness of an individual’s life; and (b) where work is, moreover, a dominant factor in determining the worth and happiness of an individual’s life” (McKeen, 6). McKeen proposes that the Principle of Specialization is the cause for this idea of work. In the Kallipolis, each adult citizen does one job for which they are best suited. The entire structure of the Kallipolis is based upon The Principle of Specialization. A person’s life is built on whatever that person is best suited to do for the city. The greater context of Plato’s creation of these cities in speech is a discussion of justice, and in creating the ideal city as a thought experiment, Plato narrows in on the nature of it, ultimately writing that “each of them [the classes of laborers] minding its



own business in a city would be justice and would make the city just” (434c). With that idea in mind, McKeen wrote that, “If we accept that occupational specialization is partly or wholly constitutive of civic justice in the kallipolis, then it follows that work has some value in the Republic that outstrips its survival value.”

Furthermore, McKeen cites the example of the sick carpenter from Book 3 of *The Republic*. When a carpenter gets sick and, “someone prescribes a lengthy regiment for him, putting bandages on his head and what goes with them, he soon says that he has no leisure to be sick nor a life thus spent - paying attention to a disease while neglecting the work at hand - of any profit” (406d). When he cannot do his job, his life is not worth living. Plato wrote that, “because he had a definite job, and if he couldn’t do it, it would be of no profit to go on living” (407a). The value of the carpenter’s, not just to the city, but to the carpenter himself is significantly diminished if he cannot do his job. McKeen proposes two implications that define Plato’s idea of work in *The Republic*; the first is that “the value of work is such that it makes an independent contribution to the value of an individual’s life” and the second is that, “work is a dominant factor in determining the value of an individual’s life. If we take away an individual’s ability to practice his or her particular work, we cause that individual’s life to become not worth living” (McKeen, 10). It is this assessment of work that applies to the second group of 5 owners. This group appears to hold that work and life are one in the same.

Owners 1, 2, 7, 8, and 12 expressed attitudes closer to the idea of work from *Politiucs*, while owners 3, 4, 5, 9, and 10 expressed a view of work closer to that found in *The Republic*. The group of owners that appeared to value work for its survival value tended to be a bit younger and in earlier stages in their family lives. A number of them

are supporting children and this almost surely places more of an emphasis on survival than simply enjoying oneself in one's job. This is not to say that the group of owners that seemed to value work because it significantly contributes value to their lives do not have families that they provide for, but the owners in that group appeared to be more financially secure within their businesses, and in some instances in later stages of their family lives, with children that were grown up and not directly in need of support.

**Proposition 2:** Lifestyle entrepreneurs tend to value work in such a way that is indicative of their place in life; a younger owner with a younger family might value work for its survival value, while an older owner who is more secure in his or her business might value work for the value it adds to his or her life.

### ***Aversion to Expansion***

Owners 1, 4, and 5 expressed being averse to expansion so as to maintain the standard and quality in their work. Owners 2, 3, 9, and 13 expressed being averse to expansion because they wanted to be able to maintain the work-life balance that they had struck. In this section we will not address the 4 owners who expressed wanting to maintain a work-life balance. Work-life balance is a separate and distinct theme that has been addressed on its own. At the root of the behavior, the owners seem to be consciously choosing to reject the prospect of more money. This suggests a change in the general attitude of success away from just money and towards lifestyle. Lynette Claire wrote an article that suggested entrepreneurs today are not as concerned with the financial bottom line. According to Claire, "When asked about future organizational success, the 187

nascent entrepreneurs in this study focused on relationships, integrity and lifestyle” (Claire, 1). This does seem to be the case for the 7 of the owners that expressed aversion to expanding.

In the Socratic dialogue *Oeconomicus* by Xenophon, Socrates and Critoboulus discuss the nature of household management and wealth. Our word “economics” comes from the concept of managing one’s household as described in this dialogue. Regarding wealth, Xenophon wrote that, “whatever benefits is wealth, while whatever harms is not” (Xenophon, 41). Xenophon remarked that simply possessing something does not mean that one has wealth. Xenophon used the example of a flute, but one could substitute in anything and the concept would remain the same. If one does not know how to play that flute or use that thing to derive some benefit, one does not have wealth. If one lacks the ability to sell the flute or the thing for money, it still does not benefit him, and thus is still not wealth. The character Critoboulos eventually comes to say, “that not even money is wealth if one doesn’t know how to use it” (Xenophon, 41). This suggests that there is a deeper idea of success and wealth than simply maximizing profits, which is the Friedmanesque idea of success in business.

When an owner is making a conscious decision not to expand for whatever reason, even though expansion could lead to greater financial gain, perhaps the owner has a sense of what wealth is that is closer to the one described in *Oeconomicus*. That is, the owner might understand that only so much benefit can be derived from the next unit of income, and that more benefit can be derived through maintaining a certain standard of quality in one’s work, or preserving a favorable balance of work and life. A clear example of this would be Owner 13, the general contractor. Based on the interview,

Owner 13 appears to derive more benefit from being directly engaged with the work than would be derived if Owner 13 expanded the operation and transitioned to managing those who do the work. As Xenophon wrote, that which benefits is wealth, and that which harms is not (Xenophon, 41). It is similar to the example of the sick carpenter from *The Republic*. If a person is not able to do the work that he or she is passionate about, the value of that person's life is diminished. In case of these owners, perhaps the value to them of knowing that the quality of their work is uncompromised, or that they have the freedom to live their lives in a way of their own choosing is more beneficial than making more money by expanding the operation.

Thomas Hobbes wrote *The Leviathan*, which was a philosophic work expressing his views on statecraft and political theory. Hobbes addressed the human condition in part one of *The Leviathan*. Hobbes was a strict materialist and understood humans to be not different in kind from animals, just different in degree (Hobbes, 15). In the discussion on the human condition, Hobbes wrote about pleasure, equating the sense or experience of pleasure to moral goodness (Hobbes, 34). As pleasure is considered to be "good" the pleasure of knowing distinguishes mankind from other animals. Regarding the pleasure of knowing, he wrote,

Desire to know why, and how, curiosity; such as is in no living creature but man: so that man is distinguished, not only by his reason, but also by this singular passion from other animals; in whom the appetite of food, and other pleasures of sense, by predominance, take away the care of knowing causes; which is a lust of the mind, that by a perseverance of delight in the continual and indefatigable

generation of knowledge, exceedeth the short vehemence of any carnal pleasure.

Hobbes, 35

Knowing the cause of things is a uniquely human pleasure, and as it is a pleasure, it is morally good according to Hobbes. Owners 1 and 5 deal directly with the manufacture of products that they demonstrate a passion for. Owners 1 expressed preference to doing one thing really well instead of two things not as well. Perhaps what drives Owners 1 and 5 not to expand is the aforementioned desire to know. They are intimately involved with a specialized process, and they produce specific products. These two manufacturers appear to be extremely invested in learning and knowing their respective products to the point that they are driven not to expand so that they may learn and subsequently experience the pleasure of knowing. Taking on employees or expanding so as to simply produce more of something just to sell more of something may not contribute to the knowing of that thing.

Owner 5 articulated this very clearly in the interview. Regarding the motivation to provide a customer with the best product possible, Owner 5 acknowledged the importance of the customer's best interest, but also said that, "It's also partly selfish in that I like to understand the workings of things. And I can look at it like every customer that comes in is a willing participant in an experiment." This quotation clearly demonstrates a desire to learn that motivates Owner 5's business practices. Furthermore, Owner 5 stated that, "One of the things I realized in business was that I can spend my time doing the work and figuring out how to do the work effectively based on setting something up as a one man shop. So, if it's like a task is difficult can I mechanize that task to make it less difficult and more effective? And over time that is exactly what I've

done.” Owner 5 emphasized organization efficiency above all else, saying that the addition of an employee would only compromise the quality and authenticity of the product and demonstrate inefficiency in the organizational structure, saying, “Why do I need another employee? Why do I need to do more business? Is it because I’m leveraged and I have to pay for a facility? And if I have to do that, does that mean that I didn’t really plan this whole thing out properly?” The decisions that Owner 5 makes regarding the business are only decisions that improve the efficiency and effectiveness of creating the best possible product, and it is ultimately the result of Owner 5’s desire to fully know and understand the product.

The aversion to expansion exhibited by these owners reflects Hobbes’ idea of pleasure. The owners are not ready to expand because their processes or methods are not scalable in such a way that would maintain the quality of the product or process, or they are simply not ready to stop working directly with their products. The idea of kaizen is compatible and even complimentary to the idea of wealth described by Xenophon. Xenophon wrote that things that benefit one are wealth, and things that harm are not. With a product or process in mind, the ideas of Hobbes and Xenophon go hand in hand. Learning and understanding is a distinctly human pleasure, equated with moral goodness, and providing more perceived benefit to the owners than another potential unit of income.

**Proposition 3:** While work-life balance is a significant factor contributing to an owner’s aversion to expansion, lifestyle entrepreneurs that manufacture a product seem to take great pleasure from understanding and mastering their respective products, and this pleasure that comes from learning is more valuable to the owners than organizational growth.

## *Independence*

All 13 of the owners expressed interest in or desire for independence. This is not surprising, as a desire for independence could be assumed of many entrepreneurs, and has been demonstrated time and time again in literature on entrepreneurs. It was identified as a motivator of lifestyle entrepreneurs nonetheless, and as the function of this paper is not to compare and contrast lifestyle entrepreneurs from conventional ones, we will examine independence as we would any of the other characteristics.

Jean Jacques Rousseau proposed an idea that appears to underpin a desire for independence in his second discourse, the *Discourse on the Origin and Foundations of Inequality*. Rousseau presents the idea that the desire for self-preservation or survival arose in humans before vanity, which only came about when people began comparing themselves to each other. Self-preservation is an innate animal desire, and apparent in all creatures. Rousseau gives the example of a horse, writing, “one observes daily the repugnance of horses to trample a living body underfoot” (Rousseau, 130). Rousseau wrote that people wrongly conflate the horse’s behavior with more elevated emotions such as pity, but in fact, the root of the behavior is the desire for self-preservation. If the horse were to step on a body on the ground, it could easily fall and hurt itself. It is in the horse’s best interest to avoid the body.

The greater context of this discussion is the examination of the origins of inequality in mankind. Rousseau described pre-social, pre-modern mankind as being free, happy, and unconstrained (Rousseau, 127). He wrote, “which, civil or natural life, is most

liable to become unbearable to those who enjoy it? We see around us practically no people who do not complain of their existence (Rousseau, 127). Rousseau is arguing that man in his pre-modern state was happier and healthier than man today because he was ignorant of both virtue and vice, and only concerned for his own immediate preservation. Life for pre-social mankind was much simpler as there was no vanity. Rousseau wrote,

I say that in our primitive state, in the true state of nature, vanity does not exist; for each particular man regarding himself as the sole spectator to observe him, as the sole being in the universe to take an interest in him, and as the sole judge of his own merit, it is not possible that a sentiment having its source in comparisons he is not capable of making could spring up in his soul. (Rousseau, 222)

Rousseau argues that vanity gave rise to the bad things that humans face in the world. Rousseau applied this concept to humans, and in so doing, differentiated the kind of love one can have for oneself. Rousseau wrote that,

Vanity and love of oneself, two passions very different in their nature and their effects, must not be confused. Love of oneself is a natural sentiment which inclines every animal to watch over its own preservation, and which, directed in man by reason and modified by pity, produces humanity and virtue. Vanity is only a relative sentiment, artificial and born in society, which inclines each individual to have a greater esteem for himself than for anyone else, inspires in men all the harm they do to one another. (Rousseau, 222)



Furthermore, he wrote that this man could not hold hatred, nor desire for revenge, or any other feelings that arise when a person perceives that offense has been received. Without evaluating themselves and comparing themselves, early man would not have been able to take offense.

“Vanity” in this context is taken to mean an unhealthy form of self-love. It is unnatural and leads to conflict among people. Healthy self-love comes from within the individual and is not defined by any other factor than the natural and innate desire for preservation. Unhealthy self-love is determined through comparison of oneself to ones peers. According to Rousseau, primitive men were, “more attentive to protecting themselves from harm they could receive than tempted to harm others” and subsequently, “were not subject to very dangerous quarrels” (Rousseau, 133). Without vanity, people are happier.

The world that we live in today is very far removed from that pre-social state of mankind, however, a remnant of that desire for self-preservation, or the proclivity to watch out for oneself before trying to hurt others could be demonstrated in the desire for self-employment. Many of the owners that we interviewed expressed that they do not want to make money for someone else in the context of a larger operation, and that if they are working, they want that work to be on their own terms. In working for himself or herself, the sense of self-love, or self-esteem seems not to be defined by a superior within the organization, but comes from within the owners. There are potentially fewer opportunities for them to compare themselves to others in the business setting. If this is

the case, it follows that they may be less prone to negative feelings toward others, and happier as a result.

**Proposition 4:** Lifestyle entrepreneurs are limited in their opportunities to compare themselves to others in a business setting, and thus are potentially less likely to have negative feelings that are associated with the previously described idea of vanity.

## Conclusion

Looking back to the definition of “lifestyle entrepreneur” that we chose to use in identifying people to interview, we found that it is insufficient in defining the demographic. That definition is that lifestyle entrepreneurs are those, “who are likely to be concerned with survival and maintaining sufficient income to ensure that the business provides them and their family with a satisfactory level of funds to enable enjoyment of their chosen lifestyle” (Rimmington and Morrison, 1999, p.13). While this does seem to be true of the lifestyle entrepreneurs that we interviewed, there are many more common features that we identified that could be used to define them. Based on our exploratory research we conclude that they are concerned with the wellbeing of their employees, their lifestyles, the quality of their products or processes, and their own general happiness. The concerns of lifestyle entrepreneurs are intellectually grounded in the works of David Hume, Plato, Xenophon, and Rousseau. In identifying the philosophic underpinnings of the behaviors and attitudes of lifestyle entrepreneurs, we are able to paint a clearer picture of them and demonstrate that perhaps the lifestyle label is not such an “elusive” concept after all (Skokic & Morrison, 2010). Lifestyle motivations and behaviors are elusive

when viewed beside conventional growth oriented businesses, but once they are taken out of that context and examined on their own, they can be explained.

A number of authors who have written on lifestyle entrepreneurship have suggested that understanding lifestyle entrepreneurs more fully is beneficial to academics and policy makers. We believe that that is applicable in the case of this research as well. In identifying the underlying philosophic principles of lifestyle entrepreneurs we are further contributing to the somewhat limited existing body of information on them. This paper contributes philosophic ideas that underpin some of the behaviors of lifestyle entrepreneurs. It is important to examine the intellectual roots of behaviors so as to better understand them as a whole. It is particularly important to do so regarding the field of entrepreneurship, which has been dominated by a specific growth oriented view for decades (Claire, 2012).

Recognizing the limitations of the scope of this study, future research to be done to bolster and extrapolate on our propositions. As our research is qualitative in nature, the results are potentially subject to confirmation bias as well. Conducting interviews with more entrepreneurs and focusing on how they view their human capital could address Proposition 1. Following up on those entrepreneurs with younger families to see if their conceptions of work-life balance change as they become more secure in their businesses could contribute to Proposition 2. Looking specifically at lifestyle entrepreneurs who manufacture a product could address Proposition 3. Examining the extent to which lifestyle entrepreneurs engage with other business owners or people in comparable positions could address Proposition 4. To move in a quantitative direction, a survey

revolving around the propositions could be developed and distributed to many business owners at once in order to quantify them.

There are significant opportunities to continue this research on lifestyle entrepreneurs. In hindsight, after the research and analysis was complete, we would have liked to ask the owners if there were any specific philosophies that they think of in their daily lives regarding their businesses. We were also interested in fear as being a potential motivator for not expanding. We are particularly interested in lifestyle entrepreneurs that directly manufacture a product. Moving forward, small manufacturers would be a fascinating demographic to study. Fear could possibly be associated with risk aversion, which was addressed by Pino G. Audia and Henrich R. Greve in a paper titled “Less Likely to Fail: Low Performance, Firm Size, and Factory Expansion in the Shipbuilding Industry.” Audia and Greve explored risk aversion in ship manufacturers based on their aspiration levels (Audia & Greve, 2006). “Aspiration level” refers to the quality of performance or end product that the builder seeks to attain. Audia and Greve argue that when the builder’s performance is above the aspiration level, the builder is more likely to take a risk. For our purposes, that risk could be expanding the business. Regarding aversion to expansion, a lifestyle manufacturers like Owner 5 may have a very high aspiration level and is accordingly more averse to risk in the form of expansion. It would be very interesting to explore the attitudes and behaviors of more lifestyle manufacturers to see if they expand or act with less aversion to risk once they come to a mastery of the product that they manufacture. We would tentatively posit that a lifestyle entrepreneur with an ideal image of a product as his or her aspiration level would be more averse to risk until that ideal product could be realized materially. There appears to be a substantial

body of research on aspiration levels and how they relate to owner behaviors that could serve as a platform for further research on lifestyle entrepreneurs.

Finally, we argue that it is important to study lifestyle entrepreneurs in their own category, and not try to hold them up to conventional growth oriented entrepreneurs.

Lifestyle entrepreneurs are their own distinct demographic, exhibiting behaviors and motivations underpinned by specific philosophies distinct from those of the conventional growth oriented conceptions of business.

## **Appendices**

### **Interview Notes**

#### **Owner 1:**

Went from construction to jewelry

In business since 2003

Goal oriented / independent

Master of own fate

Really enjoys job

Connections

Wants to stand out – for personal and business

Never sees retiring

#### **Owner 2:**

In business for 9 months

Creative

Doesn't need to be the next Dunkin

**Owner 3:**

3<sup>rd</sup> gen      1975

4 owners – Owner 3 does [one part of the business]  
grew up in the business

Creativity

“I don't live inside the box”

limited size?

Working for the staff

Work and life are not opposed but united

Integration

Ethics

Separation of staff and management

**Owner 4:**

Retail experience

Since 1996 as [franchise of another store]

we – small staff

not looking to expand to more stores

personal relationships

wants to scale down

**Owner 5:**

Firewood production

Boots – word of mouth / prefers it

Machine tools

Not a very good salesman

Knowledge – wants to know the workings of things

Desire for knowledge – Hobbes

Freedom to get to learn

Network at [Ski Mountain]

Ethics – Kant’s categorical imperative

“Build the best thing you can build”

Baconian charity

**Owner 6:**

Team effort – uses “we”

Creative

Control / enjoy life

Family

Being present to create a safer culture

**Owners 7 and 8:**

1982 – Drywall

2005 – Owners 7 and 8 bought it

Work life balance

“successful enough to be comfortable”

“money was not a motivation”

Satisfaction of a customer

Fulfilling

Retirement vehicle

Staff is something Owner 8 takes very seriously  
Never missed a pay cycle in 12 years

“it’s been a lifestyle choice”

successful outcome – giving kids a good upbringing

**Owner 9:**

5 years old

Enjoys job

Prioritizes lifestyle

**Owner 10:**

2<sup>nd</sup> rental firm

sole proprietor

very lifestyle motivated

rewarding to see existing business

**Owners 11 and 12:**

First business

Really value employees

Creativity

**Owner 13:**

Sole proprietor 2009  
LLC 2012



Left [previous company] for more control

Can't get too big because [Owner 13] will become a manager

It's a dynamic job

100% mine – creating vs renovating

wants to have [Owner 13's] name be associated with quality

## **Coded Quotations**

### **Human Capital**

Owner 1- "If you're happy at work or if you feel appreciated you're always going to do more than you are asked to do"

"I know what it is like to have a terrible boss"

"I want people to be happy here"

Owner 2- "I've got one girl that works here full time and she loves to bake. She says that this is kind of her dream job and she loves it. She's making her whole living based on something I created."

Regarding motivation to keep working- "I think of my employees too, especially the one I have now. She's full time and I've had her since the beginning. This is her life and this is her dream job. If I quit, she's out. She'll have to go back to working somewhere she doesn't care about."

Owner 3- “I always want it to be mutually beneficial. I always hire with the intent of having this person go up through the company and develop and have future opportunities.”

Owner 4- “I use ‘we’ because I really feel like we have a small staff, it’s 10 people, and teamwork is not just a buzzword to me. I mean, it’s really important that we all work together or it doesn’t work.”

Owner 5- “If you have to look over somebody’s shoulder, that takes out of your time that you could spend doing something else, and on the other hand, if they are capable of doing what you can do, well why aren’t they in business for themselves, and if you don’t push them in that direction are you taking advantage of them?”

Owner 6- “I don’t tend to talk about myself because there are a lot of employees here, so it’s never singular. I do own the business by myself, but we have 9 employees so it’s definitely a team of us.”

“It’s not just my own life on the line, it’s everyone that works below me too. I know that these people rely on me just as much as I rely on them.”

Owner 7- “Well it’s [staff] probably the one thing I take more responsibility in than anything else. I know that my performance, like they don’t say it but I know, and you can see it. They *need* 40 hours of work a week. They *need* to have their paycheck there every Wednesday. And if you really intellectualize that, that can become a mental burden, but

you've got to be on because like I said, it's not just my family that I'm taking care of, it's everybody's family who's here. And I directly impact that based on my ability to perform or not perform."

Owner 9- Regarding commissions that employees pay to the owner, "I actually put a cap on some of them once they pay me a certain amount. That cap that I put on them, they'll never pay me more than that."

Owner 10- "It's rewarding to think that something I built is providing another family and other people in the community with jobs and income."

"I like to enable my employees, like 'Great, you got an idea? Show me how you're gonna run with it,' and give them the freedoms and the responsibilities. It's an hourly wage, so I think about what I can do to make it more rewarding so they're happier in the long run"

Owner 12- "We try to accommodate people's schedules so they can have their personal lives too."

"Most of the time we love it, especially when we can see that our employees get these benefits. And they're really loving it and we love that they're making it possible for us to do our personal things too."

### **Work-Life Balance**

Owner 1- "I would retire today if I could, just to spend time with my family."

Owner 1 needs a couple solid employees, “So I don’t have to miss a t-ball game or a basketball game.”

Owner 2- “Long term it’s [a healthy work/life balance] important. If in three years I’m working 70 to 80 hours a week for no pay, like no. People always say ‘stick with it, don’t quit, don’t quit,’ well I believe in quitting when your quality of life is that low. Life’s too short to work this hard for that.”

Owner 3- “It’s sort of all on one plane. I don’t look at work and life as diametrically opposed. It’s kind of, work and life are united and when I’m gaining life from work, I’m *there*, and when I’m gaining life at home, I’m *there*.”

Owner 4- “I could sit in here [back office], I could sit at home. You know, I’ve got some really really good people that could run the store without me. It might hurt my feelings a little bit, but they certainly could. I like to be part of the operation.”

“Would I like to retire someday? Yeah, but then what? I would like to go play more than I do now.”

Owner 5- “My work is my life in a way.”

“It’s handy sometimes to say ‘ok, I have an idea, I want to see this idea realized in three dimensions, to a point where I can actually use it,’ and I think in many cases people can get as far as a sketch. And then it’s a phone call, and then it’s a credit card, and then it’s a prototype that doesn’t work, and then it’s back to the drawing board again. I’m lucky

enough to have amassed enough understanding and tools to usually be able to take something from my head and make a solid out of it, and then try it. So it's like my hobby is my work is my life.

Owner 7- "At the time [that the owner worked in the corporate world] we left Portland, over \$22,000 of our after tax earnings was going just to have two kids in day care. We were seeing them one, two hours a day of quality time, if that. In our minds we're like 'Wow, we have to have these jobs so that we can pay \$25,000 for daycare, yet we don't get to see our kids.' It didn't make a lot of sense to us."

"It's [business ownership] given our family flexibility to do things. Yeah, the hours are still long, they're longer than they were in corporate America, but if I choose not to work this weekend I just know that I have to make it up on some other end of some other day. But I have that opportunity."

"Genuinely, it's been a lifestyle choice. As opposed to 'Boy, we want to retire well so let's spend the next 20 years making sure we put this business in the best place possible to make sure we retire well.' We kind of want to live today."

Owner 8- "In this day and age you can't have 2 people working 60 hours a week or more and make a family work. So my primary motivation wasn't that I didn't want to work, but that I wanted something flexible so I could be a part of something dynamic so that I could still be there for my kids."

Owner 9- “Everyday I wake up and I truly *love* to go to work. And not a lot of people can say that. I just got done with a 10-day paradise vacation in the Caribbean and the second I got up on Monday morning, I couldn’t wait to get to work.”

“I’ve got my career to the point where I can pretty much leave the facility at 5 and be home at the same time they [kids] are. I don’t work weekends, Friday afternoons I take off. I haven’t worked a weekend in 10 years.

Owner 10- “If I wanted a corporate job making an awful lot of money, that could definitely be something that I pursue, and have pursued in the past. It’s just not the lifestyle I want to lead.”

“I basically set up my lifestyle so that I can afford to live the kind of life that I basically want to live.”

Owner 11- “If we worked in the office setting like we used to, we *had* to be at work by 8 o’clock. There’s no ‘Hey, I’m gonna be an hour late,’ you just have to figure it out and be at work on time. And you have to work 8 to 5 or 9 to 5 or whatever your job is, but here at least we have the flexibility.”

Owner 12- “Being home with my kids to do homework with them and get dinner ready is for me super important even if it means I have to come back or do work after they go to bed.”

Owner 13- “If I really need to step away and do something for my family, I can.”

## **Aversion to Expansion**

Owner 1- Regarding expanding to 2 locations- “What that did was it made two places mediocre instead of one place really good. So if I want to be in a niche jewelry store, I need to be here. I can’t be spread too thin.”

Owner 2- “My big thing is that I don’t need this place to be the next Dunkin Donuts. I don’t see myself expanding location wise into having a franchise operation. I don’t see that happening. I’d like to within the first three to five years to be able to just make an income. Like, have this be my job, maybe work like 40 hours a week and just make a decent income. Enough to live on.”

Owner 3- “I don’t really want to become a slave to our own success.”

Owner 4- “I’d rather do one thing really well than try to do two or three only so-so.

Owner 5- “If I had an employee, that employee would simply be diluting the brand. Yes, I might make more money, but it would no longer be me.”

“If you structure your business for maximum efficiency from the get-go rather than saying, ‘I will start making this product and then I will find cheap employees;’ in my mind that’s the wrong way to go, because that’s a race to the bottom. You will always be limited by the quality and skill of your employees.”

On product quality in a larger organization: “I had the opportunity to make changes to the program to offer a better product, but the problem with living in Aspen even in the late 90’s was that it was expensive. So I thought, ‘Well wait a minute. Where am I going to have the greatest impact and where am I going to be able to have the greatest freedom to do what I want, to explore this?’”

“One of the things I realized in business was that I can spend my time doing the work and figuring out how to do the work effectively based on setting something up as a one man shop. So, if it’s like a task is difficult can I mechanize that task to make it less difficult and more effective? And over time that is exactly what I’ve done.”

On mechanizing a process, “All of a sudden the job gets that much easier, and your time goes into something else. So rather than hire an employee, an immediately you have overhead costs, those costs are recurrent daily, hourly, whatever, that person, are they gonna do the same job as you? Probably not, because they’re not you. And you’re still taking money from people but now you’re having somebody that doesn’t have the interest or the qualifications that you have, but you’re still putting your name on it. And I don’t want to put my name on something that is not mine, because that is my assurance of quality.”

“Why do I need another employee? Why do I need to do more business? Is it because I’m leveraged and I have to pay for a facility? And if I have to do that, does that mean that I didn’t really plan this whole thing out properly?”

Owner 8- “We’ve also learned that growth for growth’s sake is never good.”



Owner 9- When asked whether or not the owner would compromise work/life balance to expand the current operation, Owner 9 responded, “Probably not. If I didn’t the [other source of income] on the side, I might, because I’d always be looking for that financial stability.

Owner 13- “I get into the same problem of, ‘Do I hire more people and then become more of a manager?’ so I’m skirting that line right now. And I know a lot of big [other operators in the industry] that get to that point where they’re not hands on, and they just drive around, and they become a manager.”

### **Independence**

Owner 1- “I wanted to make the major decisions.”

Owner 2- “I wanted to be able to do something that was totally my own, totally from scratch.

“Why do I need to prove to someone else that I’m qualified? Why can’t I just do something on my own and show them?”

Owner 5- “Time is short and I want to deal with who I want to deal with.”

“I don’t want to put my name on something that is not mine, because that is my assurance of quality.”

Owner 6- When asked about motivations to start a business Owner 6 responded, “I just wanted to enjoy life and work for myself. That was the only goal: to be in control of my own self.”

Owner 7- “Working for corporate America, if they said ‘I need you here Monday morning and you’re in Maine and my company is in Florida,’ then that means I’m not spending that time with my family and I have no control over that.”

Owner 9- “I ensure that I work enough myself so that everything else is extra.”  
“I’m never going to rely on somebody to make my living.”

Owner 11- “We’re going to work regardless. If we were not working for ourselves we would be working for someone else.

Owner 12- “I’d rather put in 80 hours a week for myself than to do it for somebody else and increase *their* wealth. I’m in control of my situation.

Owner 13- “Control is the word, and not necessarily being in control for the best reasons because being in control means more stress, more liability, more things to do on my end, but it’s all me. That’s the thing.”

“I’m a control freak. I like having the flexibility to say what I want and do what I want, or not do what I want.”

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## Author's Biography

Ryan Lopes was born on June 4, 1994 in Buffalo, New York. He grew up in Waterville, Maine. Ryan studied management at the Maine Business School. His interests are skiing and political philosophy. His future plans are to enter the work force and pay taxes. Ryan would like to extend a sincere thanks to Tairy Greene for teaching him how to act in the world.